

**Schedule 4A**

**Form of Election Notice for Holders of Claims in Classes 1 and 5**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO SALES TAX FINANCING  
CORPORATION,

Debtor.

PROMESA

Title III

No. 17 BK 3284-LTS

**[SENIOR] / [JUNIOR] TAXABLE BOND DISTRIBUTION ELECTION NOTICE  
FOR COFINA BOND HOLDERS WITH CLAIMS IN [CLASS 1] / [CLASS 5]**

This **[Senior] / [Junior]** Taxable Bond Distribution Election Notice (the “**Notice**”) is being sent to the beneficial holders of securities giving rise to claims under **[Class 1] / [Class 5]** of the Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation (as the same may be updated, supplemented, amended and/or otherwise modified from time to time, the

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“**COFINA**”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“**HTA**”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“**ERS**”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“**PREPA**”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

“Plan”).<sup>2</sup> Pursuant to the Plan, holders of [Senior] / [Junior] COFINA Bond Claims are entitled to their Pro Rata Share of the [Senior] / [Junior] COFINA Bond Distribution.

On the Effective Date, each holder of an Allowed [Senior] / [Junior] COFINA Bond Claim against COFINA shall receive its Pro Rata Share of the [Senior] / [Junior] COFINA Bond Distribution, consisting of (a) Section 103 Cash, if applicable, (b) COFINA Cash Available for Distribution, (c) COFINA Bonds, and (d) Rounding Amount Cash, if necessary.

If you are a beneficial holder of securities giving rise to Impaired Claims in [Class 1 (Senior COFINA Bond Claims)] / [Class 5 (Junior COFINA Bond Claims)], you may be eligible to elect to receive your distribution under the Plan in the form of the [Senior] / [Junior] Taxable Bond Distribution and be treated under [Class 4 (Senior COFINA Bond Claim (Taxable Election))] / [Class 7 (Junior COFINA Bond Claim (Taxable Election))], if you are a Puerto Rico Investor, or a Puerto Rico Institution.

To elect to receive the [Senior] / [Junior] Taxable Bond Distribution and be treated under [Class 4] / [Class 7], you must certify in connection with your election that you are either:

- a **Puerto Rico Investor:** either,
  - A natural person that is a resident of the Commonwealth (for Puerto Rico personal income tax purposes), or
  - An entity that is wholly owned by or entirely beneficially owned by one or more natural persons that are residents of the Commonwealth (for Puerto Rico personal income tax purposes); or
- a **Puerto Rico Institution:** any other entity that is not a Puerto Rico Investor that is a legal entity domiciled in Puerto Rico.

If you elect to receive your distribution under the Plan in the form of the [Senior] / [Junior] Taxable Bond Distribution and be treated under [Class 4 (Senior COFINA Bond Claim (Taxable Election))] / [Class 7 (Junior COFINA Bond Claim (Taxable Election))], you are deemed to accept the Plan, notwithstanding how you may have voted on your Beneficial Ballot. If it is later determined that you are ineligible to be treated under [Class 4] / [Class 7] or all Taxable Bonds have been allocated, then your vote to accept or reject the Plan, if cast, will be treated as a vote in [Class 1 / Class 5].

**IF YOU ELECT TO RECEIVE THE [SENIOR] / [JUNIOR] TAXABLE BOND DISTRIBUTION, YOU WILL RECEIVE A DISTRIBUTION CONSISTING PRIMARILY OF COFINA BONDS APPROXIMATELY EQUAL TO [93.015% OF YOUR “SENIOR” EXISTING SECURITIES] / [56.414% OF YOUR “FIRST SUBORDINATE” EXISTING SECURITIES] AND CASH IN AN AMOUNT APPROXIMATELY EQUAL TO 2% OF YOUR [“SENIOR” EXISTING SECURITIES] / [“FIRST SUBORDINATE” EXISTING SECURITIES]. IF YOU DO NOT ELECT TO RECEIVE THE [SENIOR] / [JUNIOR]**

<sup>2</sup> Unless otherwise defined herein, each capitalized term used herein shall have the meaning given to it in the Plan.

**TAXABLE BOND DISTRIBUTION, YOU WILL RECEIVE A DISTRIBUTION CONSISTING PRIMARILY OF COFINA BONDS APPROXIMATELY EQUAL TO [93.015% OF YOUR “SENIOR” EXISTING SECURITIES AND NO CASH] / [56.414% OF YOUR “FIRST SUBORDINATE” EXISTING SECURITIES AND NO CASH].**

*You are encouraged to review the entire Disclosure Statement, including the tax consequences of making an election discussed in Sections XV and XVI of the Disclosure Statement, before electing to receive your distribution under the Plan in the form of the [Senior] / [Junior] Taxable Bond Distribution. Even if you qualify as a Puerto Rico investor or Puerto Rico Institution, you may not be exempt from paying U.S. federal income tax on the Taxable COFINA Bonds. The tax consequences described in the Disclosure Statement are not a substitute for careful tax planning and professional tax advice upon your individual circumstances and you should seek advice from your own tax advisor.*

Each holder of an Allowed [Senior] / [Junior] COFINA Bond Claim against COFINA will receive its Pro Rata Share of the [Senior] / [Junior] COFINA Bond Distribution. **IF YOU DO NOT WISH TO RECEIVE THE [SENIOR] / [JUNIOR] TAXABLE BOND DISTRIBUTION, YOU DO NOT NEED TO TAKE ANY FURTHER ACTION.**

Each holder of Existing Securities described on Exhibit A attached hereto that is eligible and wishes to receive the [Senior] / [Junior] Taxable Bond Distribution must submit a valid election in the manner described herein.

\* \* \* \* \*

### **How to Submit a Valid Taxable Bond Distribution Election**

If you wish to elect to receive the [Senior] / [Junior] Taxable Bond Distribution, you must:

1. instruct your broker or nominee (each, a “**Nominee**”) to electronically deliver your Existing Securities via the Automated Tender Offer Program (“**ATOP**”) at The Depository Trust Company (“**DTC**”), and
2. certify via DTC’s ATOP system that you are either:
  - ☐ a natural person that is a resident of the Commonwealth (for Puerto Rico personal income tax purposes), or an entity that is wholly owned by or entirely beneficially owned by one or more natural persons that are residents of the Commonwealth (for Puerto Rico personal income tax purposes) (a “**Puerto Rico Investor**”); or
  - ☐ an entity that is domiciled in Puerto Rico that does not otherwise qualify as a Puerto Rico Investor above.

No paperwork is required to be delivered to Prime Clerk LLC to effectuate the election. The sole means of effectuating this election is to (i) validly tender your Existing Securities into the proper ATOP envelope at DTC, and (ii) make the required certification set forth above, each as described on DTC’s ATOP system.

**THE TAXABLE BOND DISTRIBUTION ELECTION DEADLINE IS  
6:00 P.M. (ATLANTIC STANDARD TIME) ON JANUARY 8, 2019.**

This date and time is referred to as the “**Election Expiration Deadline.**”

**PLEASE TAKE NOTICE THAT IF YOU TENDER YOUR EXISTING SECURITIES THROUGH ATOP, YOU WILL BE RESTRICTED FROM TRANSFERRING YOUR EXISTING SECURITIES FROM THE ELECTION EXPIRATION DEADLINE UNTIL THE EFFECTIVE DATE OF THE PLAN. IF YOU DESIRE TO RETAIN THE ABILITY TO TRADE OR TRANSFER YOUR EXISTING SECURITIES PRIOR TO THE EFFECTIVE DATE, THEN YOU SHOULD NOT TENDER YOUR EXISTING SECURITIES THROUGH ATOP.**

**YOU MAY, HOWEVER, REVOKE YOUR ELECTION AT ANY TIME BEFORE THE ELECTION EXPIRATION DEADLINE AND WITHDRAW ANY TENDERED EXISTING SECURITIES.**

\* \* \* \* \*

### **How to Revoke a Valid Taxable Bond Distribution Election**

You may revoke an election to receive the [Senior] / [Junior] Taxable Bond Distribution and withdraw your Existing Securities tendered to through DTC’s ATOP at any time on or before the Election Expiration Deadline.

If you wish to revoke your election, you must instruct your Nominee to revoke your election and withdraw your Existing Securities via ATOP at DTC (which withdrawal will be confirmed by Prime Clerk LLC once notified by DTC of the withdrawal request). No paperwork is required to be delivered to Prime Clerk LLC to effectuate the election.

If you revoke your election at any time before the Election Expiration Deadline, you may make an election to receive the [Senior] / [Junior] Taxable Bond Distribution at any time before the Election Expiration Deadline, in accordance with the instructions to submit a valid taxable bond distribution election above.

\* \* \* \* \*

If you have any questions about your holdings, please contact your Nominee. Additionally, you must contact your Nominee to take any action described above.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT THE BALLOTING AGENT, PRIME CLERK, LLC, BY TELEPHONE AT (844) 822-9231 (TOLL FREE FOR U.S. AND PUERTO RICO) OR (646) 486-7944 (FOR INTERNATIONAL CALLERS), AVAILABLE 10:00 A.M. TO 7:00 P.M. (ATLANTIC STANDARD TIME) (SPANISH AVAILABLE), OR BY EMAIL AT PUERTORICOBALLOTS@PRIMECLERK.COM AND REFERENCE “COFINA DISTRIBUTION ELECTION” IN THE SUBJECT LINE. PLEASE NOTE THAT PRIME CLERK LLC IS NOT AUTHORIZED TO PROVIDE, AND WILL NOT PROVIDE, LEGAL ADVICE.**

This Taxable Bond Distribution Election is subject to the terms of the Plan. All questions as to the validity, form and eligibility (including time of receipt) of this Taxable Bond Distribution Election, including whether you qualify as a Puerto Rico Institution or Puerto Rico Investor, will be determined by the Oversight Board, whose determination shall be final and binding on all parties. The Oversight Board and COFINA reserve the absolute right to reject any or all Taxable Bond Distribution Elections that are not in proper form or the acceptance of which would, in its legal counsel’s opinion, be unlawful. The Oversight Board and COFINA also reserve the right to waive any defects, irregularities or conditions as to this Taxable Bond Distribution Election. A waiver of any defect or irregularity in one instance shall not constitute a waiver of the same or any other defect or irregularity with respect to any other instance except to the extent the Oversight Board may otherwise so provide. Delivery of this Taxable Bond Distribution Election shall not be deemed to have been made until any defects or irregularities have been waived by us or cured. None of the Oversight Board, COFINA or the Balloting Agent, nor any other person will be under any duty to give notification of any defect or irregularity in this Taxable Bond Distribution Election, or will incur any liability to you for failure to give any such notification.

**Exhibit A**

<b>Description</b>	<b>CUSIP</b>